PTE

App. F. IX-4

Previous References 1934-5 (C.2)

File No. 534-34

Serial Nos. 1

Later References.

PRESERVED Preserve

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. one

Part B for January 1935

SUBJECT.

Revenue Royalty ~~Payment of Income tax~~ on the dividends and interim dividends declared by the Gold Mining Company

WD 01965—GPB—15,000—7-7-34

Serial No. 1

Prior to 1914, the Mining Companies were declaring Dividends to Share holders(free of income tax), ie. they were paying the share holders a certain amount per share and in addition were paying the Income tax authorities the Income tax on the Dividends declared. In the year 1920, the Comptroller stated that when the above procedure was resorted to, the Mysore Government should get Royalty at 2½% not only on the actual amount of dividend paid to the share holders but also on the Income tax paid to the Income tax authorities. This was accepted by the Mining authorities and cheques for the additional royalty due on the amount paid to the Income tax authorities prior to 1914 were received in the year 1920.

2 From the reports of other Mining Companies, it is not clear whether they have been deducting Incometax when the dividends declared(on which Royalty is being paid to the Mysore Government) are actually disbursed to the share holders, or whether they have been paying the dividends declared in full to the share holders without any deduction. In the latter case, the Dividends declared have to be treated as Income tax free and the Mysore Government are entitled to Royalty of 2½% not only on the amount of dividend declared but also on the amount of Income tax on the Dividends paid to the Income tax authorities.

3 When Mr. Ralph Nye goes over here to day, information as to the procedure followed since 1914 to date, may be obtained.

18/9

NOTE—Contn. Sheet.

18/9

WD 01955—GPB—22,500—12-6-34

4 Mr. Nye stated that at present dividends are declared free of income tax

1678/34
P&O

1332

File No. of 193 General and Revenue Secretariat

and that he would verify the point and letters know meanwhile by paragraphing us whether the new leases proposed would cover with the point without doubt naming you

by 1965 2

19.9.34

5 If on the total amount of dividends distributable to the shareholders, the Company pays the income tax at a fixed rate & the shareholders then are allowed to claim a refund from the Income tax authorities depending on the rate of tax they are assessable, then it is the total amount of dividends plus income tax paid by the Company that is really the dividends made payable & the royalty is therefore to be calculated on such sum. The definition in the new leases cover such a case ~~that~~ In this respect the old leases ~~also~~ ~~did~~ meant ~~cover~~ the same. If however out of the dividends made payable to the shareholders, income tax is deducted by the Company & it is only the balance that is distributed, then the tax paid cannot be added on to the

Serial No.

~~Dividend~~ total amount of dividends made payable, even for purposes of Calculation of royalty.

Fin Secy)

24.9.34

b ~~We~~ may perhaps await the report of Mr Ralph Nye. The Comptroller may perhaps be asked to request Messrs Coutts & Co, London to enquire and furnish information as to whether Income tax is being deducted from the Dividends declared by the Gold Mining Companies.

26-10-34

Hon Jaya Ram's note may first be submitted to Hon Minister for Revenue. Then the Comptroller may get information from Coutts & Co, or the published accounts or Elsewhere regarding the point now raised.

27/10

29.10.34.

1st member)

OFFICE OF THE EXECUTIVE COUNCIL 29 OCT. 1934 J.1.0.J

CONTROLLER 2.0. 298/8/2a 30 OCT 1934 BAHAMAS

2/11/34 A.O. H.C. 78 2.11.1934

28/10/34 To Comptroller with compliments.

By M Shamaana Dir of Fin: Secy

NOTE—Contn. Sheet.

1. 11. 34—ED 01955—GPR—29,500—12.6.34

File No. of 193 General and Revenue Secretariat

U.O. No. 748 Books, dated 23rd November 1934.

To Noted and returned with compliments.

2. As was done on a previous occasion, I have addressed the Secretary, Messrs. John Taylor and Sons Committee, Oorgaum, in the matter and I shall communicate the result to Government on receipt of necessary particulars from him.

Comptroller.

The Financial Secretary
to the Govt. of Mysore,
with compliments.

A. May be awaited

2
28-11-34

To comptroller with compliments,
for favour of stating whether a reply
has since been received from the Secretary,
Messrs John Taylor & Sons Committee, Oorgaum.

By order,

For Financial Secretary

2 4-1-35

W.O. 71:138.
5.1.35.

1332 -

General and Revenue Secretariat | File No. | of 193 | App. F. III—2 File I

Serial No.

No. 38/78/24 18/1/35

No.

H.O. No. 1103 Books Dated. 15-January 1935 / Encls. Two.

12. Returned with compliments.

14. Copy of this office letter No. 763/Books. dated 23rd November 1934 addressed to the Secretary, Messrs. John Taylor and Sons Committee, Corgaum in the matter and of his reply dated 7th January 1935 thereto are put up herewith for the information of Government

15. It will be seen that it is stated by Messrs. John Taylor and Sons, London, that Dividends paid in respect of Financial years 1914 to 1933, inclusive were all distributed less Income-tax, subject to one exception viz., the Champion Reef Company's 1st Interim Dividend paid in April 1914. The latter statement has been verified and it is found that Royalty in this case has been paid on the gross amount of the Dividend.

A. A. Rajhavachy
Comptroller
23/1/35

To The Financial Secretary to Government

Reference para 7. From the letter received from Messrs John Taylor & Sons, it will be clear that we have received Royalty on the Gross dividend.

23-1-35

H Leey) 23/1/35.

OFFICE OF THE 5479

NOTE—Cntn. Sheet.

WD 01955—GPB—22,500—12-6-34

24/1

25/1/35

24/1/35

Letter No. 763/Books dated 23rd November 1934 from the Comptroller, Mysore Government, Bangalore, to the Secretary, Messrs. John Taylor and Sons' Committee, Oorgaum.

I have the honor to observe that, in the Director's ~~Report~~ Annual Reports and Statements of Account received from the Secretaries of the Gold Mining Companies, the fact whether the Dividends paid to the shareholders every year were free of Income-tax or less income-tax has not been specifically stated and it is not also possible to make out from the Profit and Loss Accounts whether the Income-tax debited to that account includes also the tax paid by the Companies ~~on~~ on the Dividends on behalf of the shareholders. In other words, it is not clear whether the Companies have been deducting income-tax from the dividends declared (on which Royalty is being paid to the Mysore Government) before they are actually disbursed to the shareholders or whether they have been paying the dividends declared in full to the shareholders without any deduction. I therefore request that you will kindly furnish me with information in the case of each Mining Company on the following points at your earliest convenience.

1. In what years from 1914 to 1933 the dividends were paid to the shareholders as free of income-tax and in what years as less income-tax.

2. The amount of income-tax on dividends paid to the Revenue authorities by the Mining Companies on behalf of their shareholders in each year during the above period and debited to the profit and loss account.

'C o p y'

D. Venkataramiah
17.1.35
Superintendent,
Comptroller's Office.

SAM)

Letter dated 7th January 1935 from the Secretary Messrs. John Taylor and Sons Committee, Oorgaum, to the Comptroller, Mysore Government, Bangalore.

With further reference to your letter No.763-Books dated the 23rd November last in connection with Dividends and Income-tax collected from shareholders, I have the honor to inform you that Messrs. John Taylor & Sons, London, have written as follows:-

1. Dividends paid in respect of financial years 1914 to 1933 inclusive were all distributed less Income Tax, subject to one exception, viz., the Champion Reef Company's 1st Interim Dividend paid in April 1914.

   On this latter Dividend, however, Royalty was paid on the gross amount of the Dividend, i.e., the amount distributed plus the tax.

2. In view of reply to Question 1, it is felt that a detailed reply to Question 2 does not arise."

C o p y

D. Venkatasubramanian
17.1.35

Superintendent,
Comptroller's Office.

17/1/35

SAM)